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6 UNITED STATES DISTRICT COURT  
7 WESTERN DISTRICT OF WASHINGTON  
8 AT SEATTLE

9 CHARLES GARBACCIO, Individually and on  
10 Behalf of All Others Similarly Situated,

11 Plaintiff,

12 v.

13 STARBUCKS CORPORATION, LAXMAN  
14 NARASIMHAN, and RACHEL RUGGERI,

15 Defendants.  
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NO.

**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**

**CLASS ACTION**

Demand for Jury Trial

1 Plaintiff Charles Garbaccio (“Plaintiff”), individually and on behalf of all other persons  
 2 similarly situated, by their undersigned attorneys, alleges in this Complaint for violations of the  
 3 federal securities laws (the “Complaint”) the following based upon knowledge with respect to  
 4 their own acts, and upon facts obtained through an investigation conducted by his counsel, which  
 5 included, inter alia: (a) review and analysis of relevant filings made by Starbucks Corporation  
 6 (“Starbucks” or the “Company”) with the United States Securities and Exchange Commission  
 7 (the “SEC”); (b) review and analysis of Starbucks’ public documents, conference calls, press  
 8 releases, and stock chart; (c) review and analysis of securities analysts’ reports and advisories  
 9 concerning the Company; and (d) information readily obtainable on the internet.

10 Plaintiff believes that further substantial evidentiary support will exist for the allegations  
 11 set forth herein after a reasonable opportunity for discovery. Most of the facts supporting the  
 12 allegations contained herein are known only to the Defendants or are exclusively within their  
 13 control.

#### 14 **I. NATURE OF THE ACTION**

15 1. This is a federal securities class action on behalf of all investors who purchased  
 16 or otherwise acquired Starbucks securities between November 2, 2023 and April 30, 2024,  
 17 inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of  
 18 the federal securities laws (the “Class”).

19 2. Defendants provided investors with material information concerning Starbucks’  
 20 fiscal year revenue for 2023 and expected guidance for the fiscal year 2024. Defendants’  
 21 statements included, among other things, confidence in Starbucks’ Reinvention and  
 22 diversification of its global portfolio, which relies largely on both Rewards customers and more  
 23 occasional consumers.

24 3. Defendants provided these overwhelmingly positive statements to investors  
 25 while, at the same time, disseminating materially false and misleading statements and/or  
 26 concealing material adverse facts concerning related to Starbucks’ Reinvention strategy,  
 27 comprising: a roadmap and clear plan for success outside of the US, including opening new  
 28

1 stores; positive same-store sales; and strong local innovation in foreign economies. Such  
2 statements absent these material facts caused Plaintiff and other shareholders to purchase  
3 Starbucks' securities at artificially inflated prices.

4 4. On April 30, 2024, after market hours, the truth emerged when investors began to  
5 question the veracity of Defendants' public statements following Starbucks' press release  
6 announcing its second quarter fiscal 2024 earnings and the accompanying same-day earnings  
7 call. In pertinent part, Defendants announced disappointing Q2 Fiscal 2024 results, stating that  
8 store sales declined globally 4%, with traffic falling 7%, and further disclosed a 2% decline in  
9 new revenues to \$8.6 billion. On the back of these results, Starbucks additionally lowered their  
10 guidance for FY 2024, citing global declines in store sales, net revenues, and both GAAP and  
11 non-GAAP earnings. The Company attributed its results and lowered guidance on the issues  
12 Starbucks was facing in China, with CFO Ruggeri stating, in reference to the Chinese market,  
13 "we still see the effects of a slower-than-expected recovery, and we see fierce competition among  
14 value players in the market."

15 5. Investors and analysts reacted immediately to Starbucks' revelation. The price of  
16 Starbucks' common stock declined dramatically. From a closing market price of \$88.49 per share  
17 on April 30, 2024, Starbucks' stock price fell to \$74.44 per share on May 1, 2024, a decline of  
18 over 15% in the span of just a single day.

## 19 II. JURISDICTION AND VENUE

20 6. Plaintiff brings this action, on behalf of himself and other similarly situated  
21 investors, to recover losses sustained in connection with Defendants' fraud.

22 7. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the  
23 Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the  
24 SEC (17 C.F.R. §240.10b-5).

25 8. This Court has jurisdiction over the subject matter of this action pursuant to 28  
26 U.S.C. §§1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. §78aa.



1 reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance  
 2 and had the ability and opportunity to prevent their issuance or cause them to be corrected.  
 3 Because of their positions and access to material non-public information available to them, each  
 4 of these Individual Defendants knew that the adverse facts specified herein had not been  
 5 disclosed to, and were being concealed from, the public, and that the positive representations  
 6 which were being made were then materially false and/or misleading. The Individual Defendants  
 7 are liable for the false statements pleaded herein, as those statements were each “group-  
 8 published” information, the result of the collective actions of the Individual Defendants.

9 17. Starbucks is liable for the acts of its employees under the doctrine of respondeat  
 10 superior and common law principles of agency as all the wrongful acts complained of herein  
 11 were carried out within the scope of their employment with authorization.

12 18. The scienter of the Individual Defendants, and other employees and agents of the  
 13 Company are similarly imputed to Starbucks under respondeat superior and agency principles.

#### 14 IV. SUBSTANTIVE ALLEGATIONS

##### 15 A. Company Background

16 19. Starbucks is an American multinational chain of coffeehouses and roastery  
 17 reserves. The Company serves a variety of coffees, foods, and teas in-store via in-person  
 18 customer transactions and its mobile ordering feature.

##### 19 B. The Defendants Materially Misled Investors Concerning Starbucks' 20 Revenue Outlook for Fiscal Year 2024

21 November 2, 2023

22 20. On November 2, 2023, Defendants issued a press release announcing 2023 full  
 23 year fiscal highlights, stating, in relevant part:

24 Global comparable store sales increased 8%, driven by a 5% increase in average  
 25 ticket and 3% increase in comparable transactions; North America and U.S.  
 26 comparable store sales increased 9%, driven by a 6% increase in average ticket  
 27 and 3% increase in comparable transactions; International comparable store sales  
 28 increased 5%, driven by a 5% increase in comparable transactions; China  
 comparable store sales increased 2%, driven by a 4% increase in comparable  
 transactions and 2% decline in average ticket; Consolidated net revenues up 12%,

1 to a record \$36.0 billion, or 14%, excluding a 2% unfavorable impact from foreign  
 2 currency translation...GAAP earnings per share of \$3.58 grew 27% over prior  
 year Non-GAAP earnings per share of \$3.54 grew 20% over prior year.

3 21. CEO and Defendant Laxman Narasimhan further touted Starbucks' "strong"  
 4 fourth quarter and full fiscal year:

5 We finished our fourth quarter and full fiscal year strong, delivering on the higher  
 6 end of our full-year guidance. Our Reinvention is moving ahead of schedule,  
 7 fueling revenue growth, efficiency and margin expansion...Notably, we continue  
 8 to see the positive impact of our Reinvention on our partner and customer  
 9 experiences, proof points that we can continue to create, grow and strengthen our  
 10 business while creating value for all. As we enter the current year, in the face of  
 macro uncertainty, we remain confident in the momentum throughout our  
 business and headroom globally. We expect sustained momentum throughout the  
 company for years to come.

11 22. CFO and Defendant Rachel Ruggeri reiterated the Company's 2023 performance:

12 Our strong full fiscal year 2023 performance demonstrated our durable long-term  
 13 growth and Reinvention plan execution...We are proud that our full fiscal year  
 2024 guidance will be grounded on a balance of both revenue growth and margin  
 expansion.

14 23. Then, on an earnings call the same day, Defendant Ruggeri outlined fiscal year  
 15 2024 guidance stating, in relevant part:

16 First, let me start with the foundation of our growth, comparable sales growth. We  
 17 expect fiscal year 2024 global comp growth to be 5% to 7%...For color, our fiscal  
 18 year 2024 U.S. comparable store sales are expected to grow in the range of 5% to  
 19 7% as our business continues to have substantial headroom spurred by our leading  
 innovation and technology, increasing customer loyalty and strong digital  
 engagement as evidenced by the U.S. finishing fiscal year 2023 with strong  
 20 performance of 9% comp growth. Another positive driver of our fiscal year 2024  
 5% to 7% global comp growth is the performance in China, with comp expected  
 21 to be in the range of 4% to 6% in Q2 through Q4, with a higher comp in Q1 as we  
 22 lap prior year mobility restrictions. Such growth is fueled by our increasing digital  
 capability, coupled with the local opportunity we see stemming from our relevant  
 product innovation and purpose-designed stores, which are resonating with  
 23 customers and driving engagement...Next, in thinking of our global new store  
 growth, we expect global new store growth of approximately 7%, with  
 24 approximately 75% of the growth still coming from outside of the U.S. as we  
 25 continue to focus on our strategic global expansion, reaching nearly 41,000 stores  
 globally by the end of fiscal year 2024. Of the approximate 7% growth, we expect  
 26 our U.S. store count to grow by approximately 4% in fiscal year 2024, driven by  
 27 our dynamic portfolio format, expanding our white space opportunity.

24. During a question-and-answer segment, Starbucks executives were asked specifically about the Company's business overseas. In pertinent part:

<Q: Sara Harkavy Senatore - Bank of America – Analyst - I had a question about China, please, which I think we've heard the competitive environment there very intense. And I was just curious if that was perhaps some of what we saw in terms of positive traffic, but perhaps a negative ticket, and then some of the investments you're making and perhaps that might be gating factors for margin expansion? The positive same-store sales, I think, certainly suggests that your business is executing well. But just trying to get a read on competitive intensity and maybe implications for new unit economics and the margin structure for the business going forward.

<A: Laxman Narasimhan> Our brand in China is known as [Shing Baka] and it uplifts every day for millions of customers in China. And as Rachel said, our business is also strong, 5% comp in Q4. If you look at the first half of the year versus the second half of the year, the growth difference in the second half was 20% higher than the first. One thing you should know is that if you just look at the morning daypart, the morning daypart for our business in China now is higher than it was pre-COVID.

We have very strong local innovation. And to answer your question, if you look at the transactions that Rachel mentioned, we're very comfortable with the food and beverage transactions. And what we see there, including the price realization that we have, the ticket that you mentioned specifically points to merchandise and what we had in the store, which we are still working through. But we feel very good about the competitive position of beverages, the competitive position of food. We feel very good about the cash returns of the stores that we are opening. They're very strong. The team has done a wonderful job in ensuring that the cost of builds are low, with the productivity that we have been able to accomplish in our stores. We feel good about the overall returns that we are getting there. And I'm heartened by the -- by how the business is coming together despite all the headwinds that have been there for the last couple of years.

January 30, 2024

25. On January 30, 2024, Defendants published their first quarter fiscal 2024 results and reduced their projections for fiscal year 2024. CEO Narasimhan, speaking to the results, stated, in pertinent part:

Our first quarter performance was strong on many measures. Of note was the unwavering commitment of our most loyal customers, the growth in rewards members, tender and spend per member . . . Despite headwinds, our brand is very strong, and that coupled with innovation and a relentless focus on our green apron partners form long-term differentiators, along with focused execution on Triple Shot Reinvention, will drive balanced and attractive earnings growth.



1 ...

2 I am proud of the significant margin expansion and double-digit earnings growth  
3 we delivered in our first quarter, as it underscores our multiple paths to earnings  
4 growth. We are executing on several levers within those multiple paths to continue  
5 delivering against our balanced growth model over the remainder of the year.

6 26. During the same-day earnings call, CEO Narasimhan elaborated on these results,  
7 touting the Company's claimed success in its Reinvention plan and growth in China, while  
8 detailing their plans for future growth, pertinently stating the following:

9 Let me walk you through the details. Our performance in the quarter was  
10 fundamentally strong. Our Q1 total company revenue was a record \$9.4 billion,  
11 up 8% year-over-year. Our global comparable store sales grew 5% year-over-  
12 year, supported by a 5% comp growth in North America, driven by 4% ticket  
13 growth and 10% comp growth in China. Our global operating margins expanded  
14 by 130 basis points to 15.8% and our overall earnings per share grew 20% to  
15 \$0.90. ***This speaks to the continued successful execution of our reinvention plan  
16 and the durable business we are building.***

17 ...

18 We're focused on unlocking \$3 billion in efficiencies, and I'm pleased to say that  
19 we're making steady progress. Our Triple Shot Reinvention efforts delivered 130  
20 basis points of margin expansion in the first quarter of the fiscal year. As you  
21 heard me say often, the key to our success is the experience that our partners create  
22 for our customers. We're investing in a better experience for our partners to  
23 advance our business to a more balanced growth model as we unlock  
24 efficiency. ***In the quarter, we have seen the effectiveness of the Reinvention  
25 driven investments we have made in in-store operational efficiencies such as  
26 standards, equipment innovation and scheduling improvements, leading to a  
27 more stable environment for our partners.***

28 ...

***We also saw great momentum in China.*** We aim to be the best in the premium  
market in China. Our brand equity across Starbucks and Starbucks Reserve is  
second to none. Based on our latest brand tracker, Starbucks continues to be the  
first choice in away-from-home coffee, including among the Gen Z consumers.  
We continue to lead in brand affinity and have a highest awareness, brand  
familiarity and purchase intent scores. We have the most outstanding partners in  
our stores with very strong customer connection and the highest retention rates in  
our industry. We offer distinctive global and locally relevant product innovation  
anchored on superior coffee with food attachments and a morning daypart that  
now have surpassed pre-COVID levels.



1 Our loyal customers, a major part of tender, are coming more often and our loyalty  
 2 program is growing. We're doing all of this while offering premium physical and  
 3 digital experiences delivered across our distinctive store portfolio across other  
 4 physical channels and through our digital connection and doing so at a  
 5 commensurate value. This ambition of being best in premium in China is in line  
 6 with our long-term growth ambitions for China.

7 ...

8 There are 3 key elements in our China strategy

9 First, we are offering more coffee forward, locally relevant product innovations  
 10 and we're increasing engagement in social media channels to influencers and  
 11 partnerships, which are highly effective in China. These actions are increasing  
 12 awareness and have led to greater customer frequency. Second, we have made  
 13 significant investments in technology, increasing our omnichannel capability,  
 14 allowing us to serve more customers through new occasions. These investments  
 15 have also led to a more digitized store environment, increasing efficiency of our  
 16 supply chain and stores while enhancing the partner experience and strengthening  
 17 our unit economics in both existing and new stores.

18 Finally, we're increasing the percentage of new stores opening in lower tier  
 19 markets and new county cities where we see meaningfully stronger new store  
 20 economics. As you can see, we moved quickly to respond and implement a plan  
 21 to address these unexpected headwinds. It will take time for these action plans to  
 22 be fully realized. That said, we remain confident in our Triple Shot strategy and  
 23 our long-term growth. So let me share some of the progress in the quarter.

24 Our first Triple Shot Reinvention priority is to elevate our brand by operating  
 25 great stores and driving product innovation. The best lever for elevating our brand  
 26 is our store experience. We continue to raise the bar on running great stores with  
 27 a focus on enhancing both our partner and customer experience.

28 (Emphasis added).

27. The above statements in Paragraphs 20 to 26 were false and/or materially  
 misleading. Defendants created the false impression that they possessed reliable information  
 pertaining to the Company's projected revenue outlook and anticipated growth while also  
 minimizing risk from seasonality and growth in foreign markets, particularly China. In truth,  
 Starbucks' Reinvention platform, which the Company claimed would prioritize business growth  
 globally, failed to meet Starbucks' stated measures; Starbucks' plan was ill equipped to handle  
 the existing macro uncertainty and competition, particularly in the Chinese market. Even  
 following a tough second quarter 2024, Defendants were still touting Starbucks' Reinvention

1 plan, citing that they believed it would still bring the Company success. Defendants misled  
 2 investors by providing the public with materially flawed statements of confidence and growth  
 3 projections throughout the Class Period, which did not account for these variables.

4 28. Some analysts further called Starbucks' projected outlook into speculation. An  
 5 analyst from William Blair weighed in, noting the following takeaway from the earnings call:

6 That said, much of our meeting revolved around China, with investor concern  
 7 related to lower-priced competition and the potential impact on Starbucks' growth  
 8 trajectory, particularly as AUVs in China have waned since 2019. *We view the*  
 9 *issue related to competition as synonymous with questions related to the health*  
 10 *of Starbucks' brand, as frankly lower-priced coffee has always been available*  
*in every one of Starbucks' markets and has not thus far impeded Starbucks'*  
*success* (including markets such as South Korea and Japan).

11 (Emphasis added).

## 12 C. The Truth Emerges

13 April 30, 2024

14 29. On April 30, 2024, after market hours, Starbucks issued a press release  
 15 announcing disappointing Q2 Fiscal 2024 highlights and lowered their guidance for FY 2024  
 16 stating Full Year Fiscal 2024 Financial Highlights, in relevant part:

17 Global comparable store sales declined 4%, driven by a 6% decline in comparable  
 18 transactions, partially offset by a 2% increase in average ticket; Consolidated net  
 19 revenues declined 2%, to \$8.6 billion, or a 1% decline on a constant currency  
 20 basis; GAAP operating margin contracted 240 basis points year-over-year to  
 21 12.8%, primarily driven by deleverage, incremental investments in store partner  
 22 wages and benefits, increased promotional activities, lapping the gain on the sale  
 of Seattle's Best Coffee brand, as well as higher general and administrative costs  
 primarily in support of Reinvention; GAAP earnings per share of \$0.68 declined  
 14% over prior year; Non-GAAP earnings per share of \$0.68 declined 8% over  
 prior year, or declined 7% on a constant currency basis.

23 30. Following the April 30, 2024 press release, both CEO Narasimhan and CFO  
 24 Ruggeri issued statements regarding the challenging environment and difficult quarter faced by  
 25 the Company. Even still, both the CEO and CFO remained focused on the future, seemingly  
 26 downplaying the issues faced by Starbucks. In pertinent part, CEO Narasimhan stated:

1 In a highly challenged environment, this quarter's results do not reflect the power  
2 of our brand, our capabilities or the opportunities ahead. It did not meet our  
3 expectations, but we understand the specific challenges and opportunities  
4 immediately in front of us. We have a clear plan to execute and the entire  
organization is mobilized around it. We are very confident in our long-term and  
know that our Triple Shot Reinvention with Two Pumps strategy will deliver on  
the limitless potential of this brand.

5 31. CFO Ruggeri then added, in pertinent part:

6 While it was a difficult quarter, we learned from our own underperformance and  
7 sharpened our focus with a comprehensive roadmap of well thought out actions  
8 making the path forward clear. On this path, we remain committed to our  
9 disciplined approach to capital allocation as we navigate this complex and  
dynamic environment.

10 32. On an earnings call later that day, CFO Ruggeri continued to emphasize the  
11 difficulty Starbucks was facing. In relevant part, CFO Ruggeri stated:

12 Still, we face a challenging operating environment. Headwinds discussed last  
13 quarter have continued. In a number of key markets, we continue to feel the impact  
14 of a more cautious consumer, particularly with our more occasional customer, and  
15 a deteriorating economic outlook has weighed on customer traffic, an impact felt  
broadly across the industry. In the U.S., severe weather impacted both our U.S.  
and total company comp by nearly 3% during the quarter. The remainder of our  
challenges were attributable to fewer visits from our more occasional customers.

16 Turning elsewhere. We still see economic volatility in the Middle East, but we  
17 remain confident in the region's long-term growth opportunities. In China, we still  
18 see the effects of a slower-than-expected recovery, and we see fierce competition  
19 among value players in the market. But we are strengthening our premium  
position, and our team in China continues to execute with terrific rigor and heart  
as the market shakeout continues and as demand recovers and matures.

20 None of these realities are excuses. Some, like weather, are transitory. Others, like  
21 a more cautious consumer, may persist longer, but much is within our  
22 control. There are 3 execution opportunities in our U.S. business I want to expand  
23 on: first, meet the demand we have across dayparts to drive future growth; second,  
24 launch even more exciting and relevant new products while maintaining our focus  
on core coffee forward offerings; and third, reach and demonstrate more value for  
our occasional and non-Starbucks Rewards customers.

25 33. Bank of America analyst, Sara Harkavy Senatore questioned CEO Narasimhan  
26 on Starbucks' exit rates, in relevant part:

1 <Q: Sara Harkavy Senatore – Bank of America – Analyst - The first is that you  
2 talked about weather as a headwind, and then you said that lavender latte in the  
3 quarter was one of the strongest launches you've had similar to PSL. But your exit  
4 rate -- it sounds like you're saying your exit rate was largely unchanged. So I'm  
5 trying to reconcile what would appear to have been headwinds that aren't  
6 reoccurring and then very successful innovation with the guidance and the exit  
7 rates.>

8 <A: CEO Narasimhan - Let me address both of them by pointing to the underlying  
9 pressures that we see consumers face just in terms of what they have available to  
10 spend. So there's no question that if you take some of these transitory headwinds  
11 out, which, of course, are not an excuse in any way, and you look at the underlying  
12 headwinds particularly around the pressures that consumers face particularly with  
13 the occasional customer, what we're seeing is that's where the challenge is. It's a  
14 challenge with their traffic and it's their challenge with them coming into our  
15 stores.>

16 34. The aforementioned press releases and statements made by the Individual  
17 Defendants are in direct contrast to statements they made during the November 2, 2023 earnings  
18 call. During the call, Starbucks' executives continually touted the Company's Reinvention and  
19 confidence in the business's overall momentum. Moreover, Starbucks continued to minimize  
20 risks associated with its expansion in foreign markets.

21 35. Investors and analysts reacted immediately to Starbucks' revelation. The price of  
22 Starbucks' common stock declined dramatically. From a closing market price of \$88.49 per share  
23 on April 30, 2024, Starbucks' stock price fell to \$74.44 per share on May 1, 2024, a decline of  
24 over 15% in the span of just a single day.

25 36. A number of well-known analysts who had been following Starbucks lowered  
26 their price targets in response to Starbucks' disclosures. For example, BTIG released a report  
27 regarding Starbucks' recent issues, stating, in pertinent part:

28 Similar issues were also evident in China with double-digit comp declines, as that  
consumer hasn't recovered post-Covid and competitive pressures seem to have  
intensified. The results were very poor, we can offer no defense there, and the  
stock will likely be down sizably today.

37. Similarly, Morningstar released a report on Starbucks' current valuation on May  
1, 2024, as well, stating in relevant part:

[T]he degree of comparable store sales pressure that the firm saw in its most recent quarter was shocking. Global comparable sales fell 4%, with traffic falling 7%. That represents a staggering 9-point comparable sales and 10-point comparable traffic decline over three months.

38. Then, the same day, Deutsche Bank reported on Starbucks' Chinese market, stating, "China remains weak amidst a cautious consumer backdrop and increasing competitive intensity, and the trimmed unit growth guide likely adds to concerns on the growth outlook."

39. Notably, other analysts, such as those at The Week US, believed that Starbucks' provided its take on Starbucks' issues, stating that these "issues go beyond American consumers." The Week US continued:

The company made a big bet on building new stores in China but now its "ambitious expansion plans are lagging," said Quartz. Starbucks announced in 2022 it would open one new store every nine hours in China — but it ran into competition from Luckin Coffee, a homegrown operation with more than 16,000 locations.

40. The fact that these analysts, and others, discussed Starbucks' shortfall and below-expectation projections suggests the public placed significant weight on Starbucks' statements of prior confidence in their "Triple Shot Reinvention with Two Pumps" plan, which aimed to elevate the brand, strengthen and scale digitally, and become truly global before Starbucks unlocked efficiency and reinvigorated partner culture, showed 50% store sales growth in the US over a four-year period and a 30% growth in digital ordering in the Company's US-operated stores over a one-year period highlighting both food and beverage sales as the driving factors. Moreover, during Starbucks' November 2, 2023 Reinvention Update and Holiday Launch presentation the Company touted its Rewards program, claiming it would once again double its Rewards Members within five years. Similarly, Starbucks emphasized international growth via new Starbucks locations and international licensed stores, which the Company claimed had a 26% growth in revenue per store since pre-Covid. The frequent, in-depth discussion of Starbucks' guidance confirms that Defendants' statements during the Class Period were material.

#### **D. Loss Causation and Economic Loss**

41. During the Class Period, as detailed herein, Defendants made materially false and misleading statements and engaged in a scheme to deceive the market and a course of conduct

1 that artificially inflated the price of Starbucks' common stock and operated as a fraud or deceit  
 2 on Class Period purchasers of Starbucks' common stock by materially misleading the investing  
 3 public. Later, Defendants' prior misrepresentations and fraudulent conduct became apparent to  
 4 the market, the price of Starbucks' common stock materially declined, as the prior artificial  
 5 inflation came out of the price over time. As a result of their purchases of Starbucks' common  
 6 stock during the Class Period, Plaintiff and other members of the Class suffered economic loss,  
 7 *i.e.*, damages under federal securities laws.

8 42. Starbucks' stock price fell in response to the corrective event on April 30, 2024,  
 9 as alleged *supra*. On April 30, 2024, Defendants disclosed information that was directly related  
 10 to their prior misrepresentations and material omissions concerning Starbucks' forecasting  
 11 processes and growth guidance.

12 43. In particular, on April 30, 2024, Starbucks announced significantly below-market  
 13 growth expectations for fiscal year 2024, actually citing declines in several areas. This projection  
 14 was well below the market expectations generated by Starbucks' own previous reports of  
 15 economic growth and internal growth projections provided throughout fiscal year 2023.

16 **E. Presumption of Reliance; Fraud-On-The-Market**

17 44. At all relevant times, the market for Starbucks' common stock was an efficient  
 18 market for the following reasons, among others:

- 19 (a) Starbucks' common stock met the requirements for listing and was  
 20 listed and actively traded on the NASDAQ during the Class Period,  
 21 a highly efficient and automated market;
- 22 (b) Starbucks communicated with public investors via established  
 23 market communication mechanisms, including disseminations of  
 24 press releases on the national circuits of major newswire services  
 25 and other wide-ranging public disclosures, such as  
 26 communications with the financial press and other similar  
 27 reporting services;

(c) Starbucks was followed by several securities analysts employed by major brokerage firms who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms during the Class Period. Each of these reports was publicly available and entered the public marketplace; and

(d) Unexpected material news about Starbucks was reflected in and incorporated into the Company's stock price during the Class Period.

45. As a result of the foregoing, the market for Starbucks' common stock promptly digested current information regarding the Company from all publicly available sources and reflected such information in Starbucks' stock price. Under these circumstances, all purchasers of Starbucks' common stock during the Class Period suffered similar injury through their purchase of Starbucks' securities at artificially inflated prices, and a presumption of reliance applies.

46. Alternatively, reliance need not be proven in this action because the action involves omissions and deficient disclosures. Positive proof of reliance is not a prerequisite to recovery pursuant to ruling of the United States Supreme Court in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972). All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered the omitted information important in deciding whether to buy or sell the subject security.

#### **F. No Safe Harbor; Inapplicability of Bespeaks Caution Doctrine**

47. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the material misrepresentations and omissions alleged in this Complaint. As alleged above, Defendants' liability stems from the fact that they provided investors with revenue projections while at the same time failing to maintain adequate forecasting processes. Defendants provided the public with forecasts that failed to account for this decline in



1 sales and/or adequately disclose the fact that the Company at the current time did not have  
2 adequate forecasting processes.

3 48. To the extent certain of the statements alleged to be misleading or inaccurate may  
4 be characterized as forward looking, they were not identified as “forward-looking statements”  
5 when made and there were no meaningful cautionary statements identifying important factors  
6 that could cause actual results to differ materially from those in the purportedly forward-looking  
7 statements.

8 49. Defendants are also liable for any false or misleading “forward-looking  
9 statements” pleaded because, at the time each “forward-looking statement” was made, the  
10 speaker knew the “forward-looking statement” was false or misleading and the “forward-looking  
11 statement” was authorized and/or approved by an executive officer of Starbucks who knew that  
12 the “forward-looking statement” was false. Alternatively, none of the historic or present-tense  
13 statements made by Defendants were assumptions underlying or relating to any plan, projection,  
14 or statement of future economic performance, as they were not stated to be such assumptions  
15 underlying or relating to any projection or statement of future economic performance when made,  
16 nor were any of the projections or forecasts made by the defendants expressly related to or stated  
17 to be dependent on those historic or present-tense statements when made.

## 18 V. CLASS ACTION ALLEGATIONS

19 50. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
20 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or  
21 otherwise acquired Starbucks' securities during the Class Period (the “Class”); and were damaged  
22 upon the revelation of the alleged corrective disclosure. Excluded from the Class are defendants  
23 herein, the officers and directors of the Company, at all relevant times, members of their  
24 immediate families and their legal representatives, heirs, successors or assigns and any entity in  
25 which defendants have or had a controlling interest.

26 51. The members of the Class are so numerous that joinder of all members is  
27 impracticable. Throughout the Class Period, Starbucks' securities were actively traded on the  
28

1 NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and  
2 can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds  
3 or thousands of members in the proposed Class. Record owners and other members of the Class  
4 may be identified from records maintained by Starbucks or its transfer agent and may be notified  
5 of the pendency of this action by mail, using the form of notice similar to that customarily used  
6 in securities class actions. As of April 24, 2024, there were approximately 1.133 billion shares  
7 of the Company's common stock outstanding. Upon information and belief, these shares are held  
8 by thousands, if not millions, of individuals located throughout the country and possibly the  
9 world. Joinder would be highly impracticable.

10 52. Plaintiff's claims are typical of the claims of the members of the Class as all  
11 members of the Class are similarly affected by Defendants' wrongful conduct in violation of  
12 federal law that is complained of herein.

13 53. Plaintiff will fairly and adequately protect the interests of the members of the  
14 Class and has retained counsel competent and experienced in class and securities litigation.  
15 Plaintiff has no interests antagonistic to or in conflict with those of the Class.

16 54. Common questions of law and fact exist as to all members of the Class and  
17 predominate over any questions solely affecting individual members of the Class. Among the  
18 questions of law and fact common to the Class are:

- 19 (a) whether the federal securities laws were violated by Defendants'  
20 acts as alleged herein;
- 21 (b) whether statements made by Defendants to the investing public  
22 during the Class Period misrepresented material facts about the  
23 business, operations and management of Starbucks;
- 24 (c) whether the Individual Defendants caused Starbucks to issue false  
25 and misleading financial statements during the Class Period;
- 26 (d) whether Defendants acted knowingly or recklessly in issuing false  
27 and misleading financial statements;

(e) whether the prices of Starbucks' common stock during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and

(f) whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

55. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

## VI. COUNT I

### Against All Defendants for Violations of

### Section 10(b) and Rule 10b-5 Promulgated Thereunder

56. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

57. This Count is asserted against defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

58. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon. Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of

1 Starbucks common stock; and (iii) cause Plaintiff and other members of the Class to purchase or  
2 otherwise acquire Starbucks' securities at artificially inflated prices. In furtherance of this  
3 unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set  
4 forth herein.

5 59. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the  
6 defendants participated directly or indirectly in the preparation and/or issuance of the quarterly  
7 and annual reports, SEC filings, press releases and other statements and documents described  
8 above, including statements made to securities analysts and the media that were designed to  
9 influence the market for Starbucks' securities. Such reports, filings, releases and statements were  
10 materially false and misleading in that they failed to disclose material adverse information and  
11 misrepresented the truth about the Company.

12 60. By virtue of their positions at the Company, Defendants had actual knowledge of  
13 the materially false and misleading statements and material omissions alleged herein and  
14 intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative,  
15 Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain  
16 and disclose such facts as would reveal the materially false and misleading nature of the  
17 statements made, although such facts were readily available to Defendants. Said acts and  
18 omissions of defendants were committed willfully or with reckless disregard for the truth. In  
19 addition, each defendant knew or recklessly disregarded that material facts were being  
20 misrepresented or omitted as described above.

21 61. Information showing that Defendants acted knowingly or with reckless disregard  
22 for the truth is peculiarly within defendants' knowledge and control. As the senior managers  
23 and/or directors of the Company, the Individual Defendants had knowledge of the details of  
24 Starbucks' internal affairs.

25 62. The Individual Defendants are liable both directly and indirectly for the wrongs  
26 complained of herein. Because of their positions of control and authority, the Individual  
27 Defendants were able to and did, directly or indirectly, control the content of the statements of  
28

1 the Company. As officers and/or directors of a publicly-held company, the Individual Defendants  
2 had a duty to disseminate timely, accurate, and truthful information with respect to Starbucks'  
3 businesses, operations, future financial condition and future prospects. As a result of the  
4 dissemination of the aforementioned false and misleading reports, releases and public statements,  
5 the market price of Starbucks' common stock was artificially inflated throughout the Class  
6 Period. In ignorance of the adverse facts concerning the Company which were concealed by  
7 Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired  
8 Starbucks' common stock at artificially inflated prices and relied upon the price of the common  
9 stock, the integrity of the market for the common stock and/or upon statements disseminated by  
10 Defendants, and were damaged thereby.

11         63. During the Class Period, Starbucks' common stock was traded on an active and  
12 efficient market. Plaintiff and the other members of the Class, relying on the materially false and  
13 misleading statements described herein, which the defendants made, issued or caused to be  
14 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares  
15 of Starbucks' common stock at prices artificially inflated by defendants' wrongful conduct. Had  
16 Plaintiff and the other members of the Class known the truth, they would not have purchased or  
17 otherwise acquired said common stock, or would not have purchased or otherwise acquired them  
18 at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff  
19 and the Class, the true value of Starbucks' common stock was substantially lower than the prices  
20 paid by Plaintiff and the other members of the Class. The market price of Starbucks' common  
21 stock declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff  
22 and Class members.

23         64. By reason of the conduct alleged herein, Defendants knowingly or recklessly,  
24 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5  
25 promulgated thereunder.

26         65. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and  
27 the other members of the Class suffered damages in connection with their respective purchases,  
28

1 acquisitions and sales of the Company's common stock during the Class Period, upon the  
 2 disclosure that the Company had been disseminating misrepresented financial statements to the  
 3 investing public.

## 4 **VII. COUNT II**

### 5 Against the Individual Defendants for Violations of 6 Section 20(a) of the Exchange Act

7 66. Plaintiff repeats and realleges each and every allegation contained in the foregoing  
 8 paragraphs as if fully set forth herein.

9 67. During the Class Period, the Individual Defendants participated in the operation  
 10 and management of the Company, and conducted and participated, directly and indirectly, in the  
 11 conduct of the Company's business affairs. Because of their senior positions, they knew the  
 12 adverse non-public information about Starbucks' misstatements.

13 68. As officers and/or directors of a publicly owned company, the Individual  
 14 Defendants had a duty to disseminate accurate and truthful information, and to correct promptly  
 15 any public statements issued by Starbucks which had become materially false or misleading.

16 69. Because of their positions of control and authority as senior officers, the  
 17 Individual Defendants were able to, and did, control the contents of the various reports, press  
 18 releases and public filings which Starbucks disseminated in the marketplace during the Class  
 19 Period concerning the misrepresentations. Throughout the Class Period, the Individual  
 20 Defendants exercised their power and authority to cause Starbucks to engage in the wrongful acts  
 21 complained of herein. The Individual Defendants therefore, were "controlling persons" of the  
 22 Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they  
 23 participated in the unlawful conduct alleged which artificially inflated the market price of  
 24 Starbucks' common stock.

25 70. Each of the Individual Defendants, therefore, acted as a controlling person of the  
 26 Company. By reason of their senior management positions and/or being directors of the  
 27 Company, each of the Individual Defendants had the power to direct the actions of, and exercised  
 28

1 the same to cause Starbucks to engage in the unlawful acts and conduct complained of herein.  
2 Each of the Individual Defendants exercised control over the general operations of the Company  
3 and possessed the power to control the specific activities which comprise the primary violations  
4 about which Plaintiff and the other members of the Class complain.

5 71. By reason of the above conduct, Starbucks is liable pursuant to Section 20(a) of  
6 the Exchange Act for the violations committed by the Company.

#### 7 **VIII. PRAYER FOR RELIEF**

8 **WHEREFORE**, Plaintiff demand judgment against defendants as follows:

- 9 A. Determining that the instant action may be maintained as a class action  
10 under Rule 23 of the Federal Rules of Civil Procedure, and certifying  
11 Plaintiff as the Class representatives;
- 12 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class  
13 by reason of the acts and transactions alleged herein;
- 14 C. Awarding Plaintiff and the other members of the Class pre-judgment and  
15 post-judgment interest, as well as their reasonable attorneys' fees, expert  
16 fees and other costs; and
- 17 D. Awarding such other and further relief as this Court may deem just and  
18 proper.

#### 19 **IX. DEMAND FOR TRIAL BY JURY**

20 Plaintiff hereby demands a trial by jury.

21  
22  
23 *[Signature blocks on following page]*  
24  
25  
26  
27  
28



1 Dated: August 28, 2024

Respectfully submitted,

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9 -and-

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